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CIRCULAR
August 17, 2011

FINAL CONTRACT ADJUSTMENT
Breakwater Resources Ltd. (BWR)
Special Cash Dividend

THE FOLLOWING INFORMATION IS PREPARED FOR THE CONVENIENCE OF CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC) MEMBERS AND BOURSE DE MONTRÉAL INC. (THE BOURSE) APPROVED PARTICIPANTS. THIS DOCUMENT IS AN UNOFFICIAL SUMMARY OF CERTAIN TERMS OF THE AFOREMENTIONED ADJUSTMENT. CDCC AND THE BOURSE ACCEPT NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE SUMMARY. CDCC MEMBERS AND BOURSE APPROVED PARTICIPANTS MUST ENSURE THEY HAVE REVIEWED THE DOCUMENTATION PUBLISHED BY THE ISSUERS INVOLVED IN THIS CORPORATE ACTION.

The Bourse and CDCC wish to inform you that Breakwater Resources Ltd. (“Breakwater”) has declared a special cash dividend of C\$0.50 per common share. The special dividend is payable on August 30, 2011 to shareholders of record on August 24, 2011. The ex-dividend date is August 22, 2011.

The Bourse and CDCC will take into account the special dividend by adjusting the strike prices of Breakwater options, by an amount equivalent to the special dividend that is C\$0.50. The symbol BWR will remain unchanged.

Special Dividend - Adjustment Details:

- **EX-DATE:** August 22, 2011
- **RECORD DATE:** August 24, 2011
- **PAYABLE DATE:** August 30, 2011

CDCC - Adjustment Details:

Pursuant to Terms of Adjustment provided in Section A-902 of the Rules of CDCC, all BWR options will be adjusted as follows:

- **EFFECTIVE DATE:** August 22, 2011
- **OPTIONS SYMBOL:** BWR will remain unchanged

- **NUMBER OF CONTRACTS:** **Unchanged**
- **DELIVERABLE PER CONTRACT:** **Unchanged**
- **MULTIPLIER:** **100**
- **POSITION AND EXERCISE LIMITS :** **Position and exercise limits will remain unchanged at 75,000 contracts**
- **STRIKE PRICES:** **An adjustment of C\$0.50 will be made for all existing series.**
- **CUSIP :** **106902703**

CDCC will not adjust any outstanding escrow receipts.

Bourse de Montréal Inc. Adjustment Details:

It is important to note that on the effective date mentioned above, all open orders on this option class **will not be automatically modified** to reflect the special dividend and will therefore have to **be re-entered** into the Montreal Automated System (SAM) by the approved participants.

At the opening of business on August 22, 2011, the strike prices for Breakwater series will be adjusted as indicated below.

Breakwater Resources Ltd.		
Symbol	Actual Strike Prices	New Strike Prices
BWR	\$3.00	\$2.50
BWR	\$4.00	\$3.50
BWR	\$5.00	\$4.50
BWR	\$6.00	\$5.50
BWR	\$7.00	\$6.50
BWR	\$8.00	\$7.50

The above table may not reflect all listed series due to market fluctuations.

PLEASE ENSURE THAT ALL CLIENTS WHO HAVE EITHER LONG OR SHORT POSITIONS IN THIS OPTION CLASS ARE ADVISED OF THIS NOTICE.

For further information, please contact Louise Leclair, Trading Systems Analyst, Market Operations, Bourse de Montréal Inc. at (514) 871-3526. Clearing members may contact the CDCC Member Services Department.

Brian Gelfand
Vice-President, Institutional Relations and Market Operations